



PATENT
WK-0101-US

IN THE U.S. PATENT AND TRADEMARK OFFICE

Appellants: Bruce A. YOUNG Conf.: 3101
Appl. No.: 09/467,994 Group: 3621
Filed: 20 December 1999 Examiner: Greene, Daniel L.
For: SYSTEM AND METHOD OF DISTRIBUTING AND
RETURNING PRODUCTS

APPEAL BRIEF

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PATENT
WK-0101-US (New); 450.312US1 (Old)

BEFORE THE BOARD OF APPEALS

IN RE APPLICATION OF:

Appeal No.:

Appellants:	Bruce A. YOUNG	Conf.:	3101
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Filed:	20 December 1999	Examiner:	Greene, Daniel L.
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APPEAL BRIEF ON BEHALF

OF APPELLANT:

Ward Kraft, Inc.

Commissioner for Patents
P.O.Box 1450
Alexandria, VA 22313-1450

Date Due: 7 June 2004

Sir:

I. REAL PARTY IN INTEREST (37 C.F.R. § 1.192(C)(1))

The Real Party in Interest for this application is the Assignee, Ward Kraft, Inc., a corporation of the State of Kansas, having an office at 2401 Cooper Street, P.O. Box 938 Fort Scott, KS 66701 USA as evidenced by the attached copy of the Assignment filed 30 March 2004.

II. RELATED APPEALS AND INTERFERENCES (37 C.F.R. § 1.192(C)(2))

There are no related appeals or interferences pending with respect to the subject matter of the present application.

III. STATUS OF CLAIMS (37 C.F.R. § 1.192(C)(3))

Claims 1-11, 13, 17-22, and 28-32 are now pending, claims 1, 19, and 30 are independent. Claims 12, 14-16, 23-27, 33, and 34 have been previously cancelled.

IV. STATUS OF AMENDMENTS (37 C.F.R. § 1.192(C)(4))

The Request for Reconsideration, filed 24 September 2003, has been entered for purposes of this Appeal.

V. SUMMARY OF THE INVENTION (37 C.F.R. § 1.192(C)(5))

The subject application provides a system and method for the returning and distribution of a product. A vending machine 118 is configured to dispense media product(s) 120 (Figure 1; Specification, page 3, ll. 27). A product and a return mailer are dispensed from the vending machine 118 from one location (Figure 1; Specification, page 4, ll. 21-27) and the product can be returned in the return mailer to a return center, the return center being in another location 110 (Figure 1; Specification, page 5, ll. 6-13). A label can be used to return the product and the label can have an address of the return center and an amount of postage sufficient to mail the product to the return center. The label can be attached to the return mailer for returning the product to the return center or alternatively attached to a second return mailer if the product is not returned to the return center. Upon return, the return center can determine compliance or non-compliance with product rental terms and can use a database 114 to check the rental terms (Claim 1).

VI. THE GROUNDS OF REJECTION

The Examiner has rejected all pending claims as follows:

(1) Claims 1-11, 13, and 17-18 stand rejected under 35 U.S.C. §103(a) as unpatentable over Shah (U.S. Patent No. 5,028,766; Shah) in view of Phillips et al. (U.S. Patent No. 5,839,058; Phillips), Peters (U.S. Patent No. 5,769,269;

Peters), and Boyar (Phoenix Arizona Republic Newspaper, Final Chaser Edition, Weekend Section, 7 August 1992, page D12, by Jay Boyar; Boyar).

(2) Claims 19-22 and 28-29 stand rejected under 35 U.S.C. §103(a) as unpatentable over Phillips in view of Boyar and Shah.

(3) Claims 30-32 stand rejected under 35 U.S.C. §103(a) as unpatentable over Peters, Phillips in view of Boyar.

VII. ISSUES ON APPEAL (37 C.F.R. § 1.192(C)(6))

The issues to be resolved in this appeal are:

(1) The rejection fails to establish *prima facie* obviousness of Independent Claim 1, and Dependent Claims 2-11, 13, and 17-18;

(2) The rejection fails to establish *prima facie* obviousness of Independent Claim 19, and Dependent Claims 20-22, and 28-29; and

(3) The rejection fails to establish *prima facie* obviousness of Independent Claim 30, and Dependent Claims 31-32.

VIII. THE LEGAL REQUIREMENTS OF PRIMA FACIE OBVIOUSNESS

To establish *prima facie* obviousness, all claim limitations must be taught or suggested by the prior art and the asserted modification or combination of the prior art must be supported by some teaching, suggestion or motivation in the applied references or in knowledge generally available to one skilled in the art. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); In re Jones, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). The prior art must suggest the desirability of the modification in order to establish a *prima facie* case of obviousness. In re Brouwer, 77 F.3d 422, 425, 37 USPQ2d 1663, 1666 (Fed. Cir. 1995). It can also be said that the prior art must collectively suggest or point to the claimed invention to support the findings of obviousness. In re Hedges, 783 F.2d 1038, 1041, 228 USPQ, 685, 687 (Fed.

Cir. 1986); *In re Ehrreich*, 590 F.2d 902, 908-909, 200 USPQ 504, 510 (C.C.P.A. 1979).

To establish obviousness based on the combination of elements disclosed in the prior art there must be some motivation, suggestion, or teaching, and the desirability of making the specific combination that was made by the Appellants, “[i]t is improper to combine references where the references teach away from their combination” (M.P.E.P. § 2145; *In re Grasselli*, 218 USPQ 769 (Fed. Cir 1983)). The motivation, suggestion, or teaching may come explicitly from the statements in the prior art, the knowledge of one of ordinary skill in the art, or in some cases, the nature of the problem to be solved. *In re Dembiczak*, 50 USPQ2d 1614 (Fed. Cir. 1999). In order to establish a *prima facie* case of obviousness under 35 U.S.C. § 103(a), the Examiner must provide particular findings as to why the two pieces of prior art are combinable. See *Dembiczak*, 50 USPQ2d at 1617. Broad conclusionary statements standing alone are not “evidence.”

IX. THE LEGAL REQUIREMENTS OF NONANALOGOUS ART

To rely on a reference under 35 U.S.C. § 103, the reference must be analogous art (M.P.E.P § 2141.01(A)). The Examiner must determine what is “analogous prior art” for the purpose of analyzing the obviousness of the subject matter at issue. “In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned.” *In re Oetiker*, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); *In re Clay*, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) (“A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem.”); and

Wang Laboratories Inc. v. Toshiba Corp., 993 F.2d 858, 26 USPQ2d 1767 (Fed. Cir. 1993).

PTO Classification is some evidence of analogy, but similarities and differences in structure and function carry more weight. While Patent Office classification of references and the cross-references in the official search notes are some evidence of "nonanalogy" or "analogy" respectively, the court has found "the similarities and differences in structure and function of the inventions to carry far greater weight." *In re Ellis*, 476 F.2d 1370, 1372, 177 USPQ 526, 527 (CCPA 1973) (The structural similarities and functional overlap between the structural gratings shown by one reference and the shoe scrapers of the type shown by another reference were readily apparent, and therefore the arts to which the reference patents belonged were reasonably pertinent to the art with which appellant's invention dealt (pedestrian floor gratings).); *In re Clay*, 966 F.2d 656, 23 USPQ2d 1058 (Fed. Cir. 1992) (Claims were directed to a process for storing a refined liquid hydrocarbon product in a storage tank having a dead volume between the tank bottom and its outlet port wherein a gelled solution filled the tank's dead volume to prevent loss of stored product while preventing contamination. One of the references relied upon disclosed a process for reducing the permeability of natural underground hydrocarbon bearing formations using a gel similar to that of applicant to improve oil production. The court disagreed with the PTO's argument that the reference and claimed inventions were part of the same endeavor, "maximizing withdrawal of petroleum stored in petroleum reserves," and found that the inventions involved different fields of endeavor since the reference taught the use of the gel in a different structure for a different purpose under different temperature and pressure conditions, and since the application related to storage of liquid hydrocarbons rather than extraction of crude petroleum. The court also found the reference was not reasonably pertinent to the problem with which the inventor was concerned because a person having ordinary skill in the art would not reasonably have expected to solve the problem of dead

volume in tanks for refined petroleum by considering a reference dealing with plugging underground formation anomalies).

X. THE LEGAL REQUIREMENTS OF OFFICIAL NOTICE

In limited circumstances, it is appropriate for an Examiner to take Official Notice of facts not in the record or to rely on “common knowledge” in making a rejection (M.P.E.P. § 2144.03).

It would not be appropriate for the Examiner to take Official Notice of facts without citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known (M.P.E.P. § 2144.03 (A)).

If Official Notice is taken of a fact, unsupported by Documentary Evidence, the technical line of reasoning underlying a decision to take such notice must be clear and unmistakable (M.P.E.P. § 2144.03(B)). The standard of review applied to findings of fact is the “substantial evidence” standard under the Administrative Procedure Act (APA).

If the Examiner adds a reference in the next Office Action after Applicants rebuttal, and the newly added reference is added only as directly corresponding evidence to support the prior common knowledge finding, and it does not result in a new issue or constitute a new ground of rejection, the Office Action may be made final (M.P.E.P. § 2144.03(D)).

XI. THE LEGAL REQUIREMENTS OF INHERENCY

“To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient” (M.P.E.P. § 2163.07(a)).

XII. GROUPING OF CLAIMS (37 C.F.R. § 1.192(C)(7))

The claims should be grouped as follows for purposes of this Appeal:

- (1) Claims 1-11, 13, and 17-18 stand and fall together;
- (2) Claims 19-22, and 28-29 stand and fall together; and
- (3) Claims 30-32 stand and fall together.

XIII. DISCUSSION OF CITED ART

SHAH (U.S. PATENT NO. 5,028,766)

Shah is directed toward an automated rental system which provides an unattended vending machine for renting items such as video cassettes, and receiving the return items back. (Shah, Abstract). Shah emphasizes the advantages of its system being automated, expressly stating that there is no need for a centralized distribution system (Shah, col. 2, ll. 20-22), and shows the return and rental process occurring at the same location (Figure 1; Figure 12). Shah teaches that a patron must return a rented article back to the location from which it came. During a rental process the monitor instructs the patron to retrieve the selections from the designated bins (Shah, col. 2, ll. 4-7). During a return process, the patron inserts the returned selections into the appropriate bins (Shah, col. 2, ll. 8-11). Shah teaches returning the items to the same appropriate bin 25 as withdrawn from (Figure 12; Shah, col. 5, ll. 23-26).

PHILLIPS ET AL. (U.S. PATENT NO. 5,839,058)

Phillips is directed to a recyclable cellular telephone (Phillips, Abstract), which can be purchased at a discount store, drug store, convenience store, grocery store, hotel or car rental agency (Phillips, col. 3, ll. 10-12). When the user finishes use of the telephone 10 it can be returned to the seller or to a refurbishment center using the postage pre-paid mailer comprising the outer cover 18 (Phillips, col. 12, ll. 49-52; Figure 1).

PETERS (U.S. PATENT NO. 5,769,269)

Peters is directed to a system having a vending system 30 which shares information with a central/host station 20 (CSR) connectable over phone lines (Peters, col. 4, ll. 45-49; col. 5, ll. 23-24). The CSR is connectable to a plurality of multi-functional vending machines. Each vending machine includes the capability of playing music video and other audio/video presentations (Peters, Abstract). Information stored at the CSR can be accessed by record companies (Peters, col. 6, ll. 59-60). Additionally an inventory database can contain a help caller log. The help caller log tracks all communications between the CSR site 20 and the vending machine 30. All log entries can include audio and video clips taken at the time of call. For example, if a call is made by a customer, video camera 42 can send to the CSR site 20 a video picture of customer/service personnel querying for help (Peters, col. 7, ll. 31-38).

(NON-PATENT LITERATURE)

**BOYAR (PHOENIX ARIZONA REPUBLIC NEWSPAPER, FINAL CHASER
EDITION, WEEKEND SECTION, 7 AUGUST 1992, PAGE D12)**

Boyar states in part:

Often, a mail -order- Rental Company will send your video in a box, which you can use to send it back. You'll also be sent peel-off labels to address the box and a peel-off postage sticker with the correct postage to use in returning the video (Boyar).

XIV. GENERAL SUMMARY OF EXAMINER'S REJECTION OF INDEPENDENT CLAIMS 1, 19, AND 30

In rejection of independent claims 1, 19, and 30 and dependent claims 2-11, 13, 17-22, and 28-32, the Examiner relies on the reference Shah, as allegedly disclosing a vending machine, which allegedly discloses most of the elements of the pending claims. The Examiner acknowledges that Shah does

not specifically disclose a product return system, comprising: a return mailer dispensed with the product, wherein the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location (Office Action, 7 October 2003, page 7, #1).

The Examiner alleges Phillips discloses a system that requires a customer to return a product after use, a return mailer dispensed with the product for returning the product to a predetermined entity. The Examiner acknowledges that Phillips does not specifically disclose a vending machine as providing a product nor does Phillips '058 disclose a return center in another location (Office Action, 7 October 2003, page 8, #1).

The Examiner alleges that Phillips discloses the user returning a product by mail, to a predetermined entity. The Examiner alleges that it is apparent that a predetermined entity can be a return center and at another location from the vending machine (Office Action, 7 October 2003, page 8, #1).

XV. ARGUMENTS (37 C.F.R. § 1.192(C)(8))

(1) The rejection fails to establish *prima facie* obviousness of Independent Claim 1, and Dependent Claims 2-11, 13, and 17-18 Issue (1) Argument

The Examiner has already conceded that teachings he has alleged as being inherent do not meet the foregoing test of inherency. However, rather than withdraw these rejections the Examiner has proceeded to establish a new standard of "apparent" (Office Action, 7 October 2004, page 2, #2). Appellant fails to understand what "apparent" means as applied in the pending rejections. Appellant respectfully submits that is not the term "inherent" that controls, but the underlying legal principle that states that without any explicit teaching in the reference itself the missing descriptive matter must be **necessarily** present." Applicant respectfully submits that changing the term to "apparent" does not alleviate the underlying legal burden on the Examiner.

Accordingly, the outstanding rejection is defective as admitted in the Examiner's response and a changing of terms does not remedy this defect.

(2) The rejection fails to establish *prima facie* obviousness of Independent Claim 1, and Dependent Claims 2-11, 13, and 17-18

Argument Summary

The reasoning provided in support of the rejection of claims 1-11, 13, and 17-18 under 35 U.S.C. §103(a) as being unpatentable over Shah in view of Phillips, Peters, and Boyar fails to establish *prima facie* obviousness. Generally, the deficiencies of the rejection are that:

- a. When the nature and purpose of the vending system disclosed by Shah is recognized, it is evident that there is no suggestion or motivation to modify the reference of Shah in a manner asserted by the rejection; and
- b. The rejection attributes certain claimed features to the secondary references Phillips and Peters, which are not taught therein. These features are also not shown, taught, or suggested in the primary references.

Issue (2) Argument

The rejection states that Shah fails to disclose a product return system, comprising: a return mailer dispensed with the product, wherein the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location (Office Action, 7 October 2003, page 7, #1). The Examiner alleges that Phillips teaches the missing features of Shah.

Claim 1 recites "a vending machine configured to dispense media products; a product dispensed from the vending machine in one location,...a return mailer dispensed with the product, where the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location... wherein the return center determines compliance or non-compliance with ...product rental terms."

a.) Shah is directed toward an automated rental system, which provides an unattended vending machine for renting items such as video cassettes, and receiving the return items back. Shah teaches that a patron must return a rented article back to the location from which it came (Shah '766, col. 2, ll. 4-11; Figure 12; Shah '766, col. 5, ll. 23-26).

Phillips is directed to a recyclable cellular telephone, which can be purchased at a discount store, drug store, convenience store, grocery store, hotel or car rental agency (Phillips '058, col. 3, ll. 10-12). When the user finishes use of the telephone 10 it can be returned to the seller or to a refurbishment center using the postage pre-paid mailer comprising the outer cover 18 (Phillips '058, Abstract; col. 12, ll. 49-52; Figure 1). Phillips is completely silent with respect to using a vending machine. Phillips specifically teaches purchasing from stores not vending machines. Additionally, Phillips discloses purchasing, not renting the cell phones. The Examiner alleges it would have been obvious to incorporate a vending machine in Phillips (Office Action 7 October 2004, page 8, #1). However, in order to establish a *prima facie* case of obviousness under 35 U.S.C. § 103(a), the Examiner must provide particular findings as to why the two pieces of prior art are combinable. See Dembiczak, 50 USPQ2d at 1617. Broad conclusionary statements standing alone are not "evidence."

The rejection further states that "a ... reference must either be in the field of the applicant's endeavor or... be reasonably pertinent to the particular problem with which the applicant (is) concerned..." to be combinable (Office action, 7 October 2003, page 6, #5; *In re Oetiker*, 977 F.2d 1443, 24 USPQ2d 1443 (Fed. Cir. 1992)). The rejection alleges that Shah is in the field of dispensing articles from a vending machine and alleges that Phillips "is appropriate as a reference for dispensing items from a vending machine" (Office Action, 7 October 2003, page 6, #5). However, as discussed above, the rejection has added the feature of a vending machine to Phillips without supporting evidence. The rejection then states that since Phillips allegedly is in

the field of dispensing articles from a vending machine it is combinable with Shah. Appellants assert, as discussed above, that Phillips is silent as to "dispensing items from a vending machine." Therefore, Phillips is not in the field of dispensing articles from a vending machine and thus is nonanalogous art with respect to Shah. Therefore there is no motivation to combine Phillips and Shah.

Likewise, a cellular phone refurbishment center is not in the same "field of endeavor" as a return center for media, nor would an inventor logically look at how cellular phones are refurbished when deciding how to manage a remote media rental system, further supporting the assertion that Phillips is nonanalogous art with respect to Shah.

Additionally, Shah teaches away from "the return center being in another location." Shah teaches that a patron must return a rented article back to the location from which it came (Shah '766, Figure 12; col. 5, ll. 23-26). As stated in M.P.E.P. § 2143.01, "If proposed modifications would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification (citing *In re Gordon*, 221 USPQ 1125 (Fed. Cir. 1984)). Phillips recites return to a refurbishment center and Shah discloses returning the product back to the initial acquisition center. The combination of Phillips with Shah (assuming the references are combinable, which Appellants contest) would frustrate returning the product back to the initial acquisition location as disclosed in Shah.

Thus, when the nature and purpose of the vending system disclosed by Shah is recognized, it is evident that there is no suggestion or motivation to modify Shah to incorporate portions of Phillips.

b.) The rejection alleges that Phillips show the features of a return center in another location. Phillips discloses that when the user finishes use of the telephone it can be returned to the seller or to a refurbishment center using the postage pre-paid mailer comprising the outer cover 18 (Phillips '058, col. 12, ll. 49-52; Figure 1). The rejection alleges that a "return center" could also

be called a “predetermined entity” or a recycle center (Office Action, 7 October 2003, page 8, #1). Appellants assert that the return center has certain features such as “determining the compliance or non-compliance with product rental terms” not suggested, taught, or shown to be associated with the refurbishment center of Phillips. Thus, Phillips fails to suggest, teach, or show a return center.

Thus, Appellants assert that Phillips fails to show, suggest or teach a return center in another location.

The rejection further attributes certain claimed features to Peters that are not taught therein. An Official Notice, with regard to Peters, was made by the rejection alleging that Peters discloses a Customer Service Center (CSR) and that “a return center and a Customer Service Center (CSR) can serve the same function” (Office Action, 7 October 2003, page 12, #8). Appellants assert that Peters is silent as to a Customer Service Center. Peters discloses a central/host station 20 (CSR) connectable over phone lines (Peters ‘269, col. 4, ll. 45-49; col. 5, ll. 23-24). The CSR is connectable to a plurality of multi-functional vending machines with which it can share information. Thus, Peters is silent as to the CSR being a “return center” in accordance with the claimed meaning. These features are not shown, taught, or suggested in the primary or remaining secondary references. Further, there is no substantive evidence or any evidence to support the Examiner’s Official Notice that “a return center and a Customer Service Center can serve the same function.”

Thus even the proposed combination of Shah, Phillips, Peters, and Boyar (assuming the references are combinable, which Appellants contest) fails to suggest, teach, or show “a vending machine configured to dispense media products; a product dispensed from the vending machine in one location,...a return mailer dispensed with the product, where the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location.”

(3) The rejection fails to establish *prima facie* obviousness of Independent Claim 19, and Dependent Claims 20-22, and 28-29

Argument Summary

The reasoning provided in support of the rejection of claims 19-22, and 28-29 under 35 U.S.C. §103(a) as being unpatentable over Phillips in view of Boyar and Shah fails to establish *prima facie* obviousness. Generally, the deficiencies of the rejection are that:

- a. When the nature and purpose of the cellular purchasing and refurbishment system disclosed by Phillips is recognized, it is evident that there is no suggestion or motivation to modify the reference of Phillips in a manner asserted by the rejection.
- b. The rejection attributes certain claimed features to primary reference Phillips, which are not taught therein. These features are also not shown, taught, or suggested in the secondary references.

Issue (3) Argument

The rejection states that Phillips fails to disclose providing a vending machine configured to dispense media product (Office Action, 7 October 2003, page 8). Furthermore the rejection indicates that Phillips fails to disclose where a label is configured for being attached to the return mailer (Office Action, 7 October 2003, page 22). The Examiner alleges that Boyar and Shah teach the missing elements of Phillips.

Claim 19 recites “providing a vending machine configured to dispense media products; providing a media product for rent at the vending machine in one location; dispensing the media product from the vending machine...; requesting return of the media product in the return mailer to a return center located in a location other than said one location within a period of time, the return mailer despositable with a third-party delivery service.”

a.) The Examiner has rejected claim 19 for the same general reasons as claim 1, as discussed above. As discussed above, with respect to claim 1, there is no motivation to combine Phillips with a vending system such as Shah. Boyar is directed to obtaining products via a mail-order-rental company and thus is silent with respect to obtaining a product via a vending machine. Thus, there is no motivation to combine Boyar with Shah. Likewise Phillips is silent with respect to mail-ordering products; the cellular phones can be purchased at a discount store, drug store, convenience store, grocery store, hotel or car rental agency (Phillips '058, col. 3, ll. 10-12). Thus, there is no motivation to combine Boyar with Phillips. Likewise, a cellular phone refurbishment center is not in the same "field of endeavor" as a mail order return center, nor would an inventor logically look at how cellular phones are refurbished when deciding how to manage a mail order system, further supporting the assertion that Phillips is nonanalogous art with respect to Boyar.

Thus the rejection has failed to show any motivation to combine the cellular purchasing and refurbishment system disclosed by Phillips with the mail ordering system of Boyar.

Thus, as discussed above with respect to claim 19, when the nature and purpose of the cellular purchasing and refurbishment system disclosed by Phillips is recognized, it is evident that there is no suggestion or motivation to modify the Phillips reference to incorporate features of Boyar and/or Shah. Thus, there is no motivation to combine Phillips, Boyar, and Shah.

b.) Claim 19 recites "providing a vending machine configured to dispense media products; providing a media product for rent at the vending machine in one location; dispensing the media product from the vending machine...; requesting return of the media product in the return mailer to a return center located in a location other." As discussed above with respect to claim 1, Shah discloses returning the product to the same location as initial acquisition and Phillips fails to disclose a return center. Thus, as discussed above, Appellants

assert that Shah and Phillips (assuming the references are combinable, which Appellants contest) fails to show, teach, or suggest all the features of claim 19. Additionally, Boyar fails to show “providing a vending machine,.... providing a media product for rent at the vending machine in one location” and returning the product to a different location. Boyar is directed to obtaining products via a mail-order-Rental Company.

Thus even the proposed combination of Phillips, Boyars, and Shah (assuming the references are combinable, which Appellants contest) fail to show, suggest, or teach all the features of independent claim 19.

(4) The rejection fails to establish *prima facie* obviousness of Independent Claim 30, and Dependent Claims 31-32

Argument Summary

The reasoning provided in support of the rejection of claims 30-32 under 35 U.S.C. §103(a) as being unpatentable over Peters in view of Phillips and Boyar fails to establish *prima facie* obviousness. Generally, the deficiencies of the rejection are that:

- a. When the nature and purpose of the vending system of Peters is recognized, it is evident that there is no suggestion or motivation to modify the references of Phillips or Boyar in a manner asserted by the rejection.
- b. The rejection attributes certain claimed features to primary reference Peters, which are not taught therein. These features are also not shown, taught, or suggested in the secondary references.

Issue (4) Argument

The rejection states that Peters fails to disclose dispensing the product with a return mailer (Office Action, 7 October 2003, page 29). The Examiner alleges that Phillips teaches the missing elements of Peters.

Claim 30 recites “..means for dispensing the particular product together with a first return mailer to a customer; means for transporting the particular product from the customer back to a return center located apart from the means for dispensing; means for identifying the particular product; means for recording a transaction date in a database, and a label...wherein the database contains information specifying at least four ...terms selected from the group consisting of a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.”

a.) The Examiner has rejected claim 30 for the same general reasons as claim 1, as discussed above. As discussed above, with respect to claim 1, there is no motivation to combine Phillips with a vending system such as Shah or Peters.

Thus when the nature and purpose of the vending system disclosed by Peters is recognized, it is evident that there is no suggestion or motivation to modify the reference of Peters to incorporate features of Phillips, thus there exists no motivation to combine Peters and Phillips.

b.) The Examiner has alleged that Peters teaches four databases, a machine database, a vendor database, sales, and inventory databases and alleges that obvious manipulation of the Peters database(s) can obtain at least four terms of claim 30. Appellants assert that the rejection fails to identify specific portions of Peters where at least four product rental terms (transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee, and product purchase price) of claim 30 are taught, suggested, or shown. Broad conclusionary statements are not evidence of obviousness. Additionally, Phillips and Boyar are both silent to the features of the database of claim 30.

Thus even the proposed combination of Peters, Phillips, and Boyar (assuming the references are combinable, which Appellants contest) fail to show, suggest, or teach all the features of independent claim 30.

XVI. CONCLUSION

For all the reasons set forth above, it is clear that the subject application as recited in Appellant's claims 1-11, 13, 17-22, and 28-32 are not rendered obvious to one skilled as asserted by the Examiner. Furthermore the Examiner has not shown substantive evidence to support the asserted Official Notice.

Accordingly, it is respectfully submitted that the claimed invention should properly be patentable over the cited art. It is therefore respectfully requested that this Appeal be granted and that the rejection be reversed.

If necessary, the Commissioner is hereby authorized in this, concurrent, and future replies, to charge payment or credit any overpayment to Deposit Account No. 50-3136 for any additional fees required under 37 C.F.R. § 1.16 or under 37 C.F.R. § 1.17; particularly, extension of time fees.

Respectfully submitted,

KEADY, OLDS & MAIER P.L.L.C.

By



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Attached:

APPENDIX A: Pending claims of record (37 C.F.R. § 1.192(C)(9))

APPENDIX B: Copy of 30 March 2004 Assignment

APPENDIX OF CLAIMS (37 C.F.R. § 1.192(C)(9))

1. (Amended Thrice) A product distribution and return system, comprising:
 - a vending machine configured to dispense media products;
 - a product dispensed from the vending machine in one location, the product being one of said media products;
 - a return mailer dispensed with the product, wherein the return mailer is also a product case, the product returnable in the return mailer to a return center, the return center being in another location; and
 - a label comprising an address of the return center and having an amount of postage sufficient to mail the product to the return center;
 - a database with information associated with the product, wherein said label is configured for being attached to the return mailer for returning the product to the return center or alternatively for being attached to a second return mailer if the product is not returned to the return center;
 - wherein a product rental fee is defined in a set of product rental terms, further wherein the product rental fee includes fees for non-compliance with the product rental terms;
 - wherein the return center determines compliance or non-compliance with the product rental terms, further wherein an additional charge is posted to a consumer account or a future credit to a consumer account is canceled for non-compliance with the product rental terms;
 - wherein the product rental terms include terms related to a specified return date and product condition; and
 - wherein the database contains information specifying at least four of the product rental terms selected from the group consisting of a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.
2. (Amended Once) The system of claim 1 further comprising a controller

containing the database with information on the product, the controller connected to the vending machine and to the return center with transmission links.

3. (Amended Once) The system of claim 1 wherein the media product selected from the group consisting of DVDs, CDs, videotapes, software media and audio tapes.

4. (Original) The system of claim 1 wherein the product is rented using a transaction card.

5. (Original) The system of claim 1 wherein the vending machine is located in a location selected from the groups consisting of an airport, a railroad station, a bus station, a subway, a store and a hotel.

6. (Original) The system of claim 1 wherein the product is obtained in a first location, used in a second location and deposited in a collection box in a third location.

7. (Original) The system of claim 2 further comprising a service agent facility having an automated service agent, the automated service agent having means for accessing the database.

8. (Original) The system of claim 7 further comprising instructions issued by the controller to the return center and to the service agent facility, the

instructions providing information on inventory management.

9. (Original) The system of claim 1 further comprising a transaction identifier on the return mailer.

10. (Original) The system of claim 9 wherein the transaction identifier is a scannable code.

11. (Original) The system of claim 10 wherein the return mailer has pre-paid postage and is pre-addressed to the return center.

12. (Cancelled).

13. (Original) The system of claim 1 wherein the product is not returned to the return center.

14. (Cancelled).

15. (Cancelled).

16. (Cancelled).

17. (Twice Amended) The system of claim 1 wherein the database contains information comprising a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product

purchase price.

18. (Original) The system of claim 17 wherein the return center determines compliance with the specified return date by noting the actual return date and comparing the actual return date with the specified return date in the database.

19. (Twice Amended) A method of doing business, comprising:

 providing a vending machine configured to dispense media products;

 providing a media product for rent at the vending machine in one location;

 dispensing the media product from the vending machine, the media product being dispensed with a return mailer, wherein the return mailer is configured as a product case;

 requesting return of the media product in the return mailer to a return center located in a location other than said one location within a period of time, the return mailer depositable with a third-party delivery service;

 storing information about the media product rental terms in a database; and

 providing a label comprising an address of the return center and having an amount of postage sufficient for the third-party delivery service to return the product to the return center;

 wherein said label is configured for being attached to the return mailer upon returning the product to the return center or alternatively for being attached to another return mailer if the product is not returned to the return center; and

 wherein the database contains at least four of the media product rental terms selected from the group consisting of a transition identifier, product title, rental date, specified return date, product condition, product rental fee

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and product purchase price.

20. (Once Amended) The method of claim 19 wherein a unique code identifies the media product, rental location and the rental date.

21. (Once Amended) The method of claim 20 further comprising storing information about the media product, rental location and rental date in the database.

22. (Original) The method of claim 21 further comprising issuing credit or canceling additional charges depending on product condition and product return date.

23. (Cancelled).

24. (Cancelled).

25. (Cancelled).

26. (Cancelled).

27. (Cancelled).

28. (Twice Amended) The method of claim 20, wherein the return center activity comprises:

opening the return mailer;

inspecting the product inside the return mailer to determine if the

product is in good condition;

comparing information in the database with the product inside the return mailer; and

issuing a credit for a difference between the product rental fee and the product purchase price or canceling a future charge when the product is returned in good condition and on time.

29 (Original) The method of claim 28 wherein a pro-rated credit is issued when the product is returned late or in less than good condition.

30. (Thrice Amended) An apparatus for dispensing media products, comprising:

means for selecting a particular product;

means for dispensing the particular product together with a first return mailer to a customer;

means for transporting the particular product from the customer back to a return center located apart from the means for dispensing;

means for identifying the particular product;

means for recording a transaction date in a database; and

a label comprising an address of the return center and having an amount of postage sufficient to mail the particular product to the return center;

wherein said label is configured for being attached to the first return mailer for returning the particular product to the return center or alternatively for being attached to a second return mailer if the particular product is not returned to the return center;

wherein said particular product is a media product and said means for transporting comprises the first return mailer dispensed at said means for dispensing; and

wherein the database contains information specifying at least four

product rental terms selected from the group consisting of a transaction identifier, product title, product dispense date, specified return date, product condition, product rental fee and product purchase price.

31. (Original) The apparatus of claim 30 wherein the means for selecting and depositing a particular product is a vending machine.

32. (Original) The apparatus of claim 31 wherein the means for identifying the product and rental date is a unique code, the unique code enterable in the database.

33. (Cancelled).

34. (Cancelled).

APPENDIX B: COPY OF ASSIGNMENT FILED 30 MARCH 2004